

**U.S. House of Representatives  
Committee on Agriculture  
Field Hearing  
Stockton, CA  
March 3, 2006  
Jack Hamm, Lodi, California**

Good morning Chairman Goodlatte, Ranking Member Peterson, my Congressman Richard Pombo and other Members of the Committee. Thank you very much for holding this field hearing here in Stockton to hear from farmers regarding the 2007 Farm Bill. My name is Jack Hamm and I am the general manager of Lima Ranch, our family's dairy farming operation in Lodi. The Lima Family has a long history in the dairy business in California starting in the 1920's. My wife's father and grandfather purchased our present location in 1939. They began with forty cows and farmed 120 acres. After graduating from Cal Poly San Luis Obispo I joined the operation. In 1990 my wife and I took over the daily operations and management of the dairy. Lima Ranch presently milks 1600 cows and farms 1,350 acres of alfalfa, corn, wheat and almonds.

Presently I serve on the board of directors for Western United Dairymen, San Joaquin County Farm Bureau and the San Joaquin County Rural Conservation District. My wife and I have two children, a son and a daughter, and one granddaughter.

I represent District 4 on the Board of Western United Dairymen. It is an area that is home to a fair amount of milk production, as you might imagine. In 2004, the San Joaquin County ranked seventh in the state for milk production.

The focus of these hearings, as I understand it, is to look to the next Farm Bill and give you our ideas for what it should look like. Again, thank you for the opportunity to do that.

First, I'll say that farmers everywhere, but especially in California, are watching the progress of the World Trade Organization (WTO) negotiations. While it's true the next Farm Bill won't be written in Geneva, you should know that my friends who are cotton growers think that "WTO" is a four-letter word. Given their experience with programs that were thought to be WTO-compliant when written, I think it may be a reasonable question to ask whether it is a wise use of government resources to write new domestic rules next year if there is a likelihood the international rules might change shortly thereafter.

The countercyclical approach of the current Farm Bill, and I include the Dairy Price Support Program here, has certainly worked well from the standpoint of the federal treasury, having cost billions less than projected when it was passed in 2002. It appears also to have served farmers relatively well given the market conditions we have had although current milk price trends look like the countercyclical programs are going to be put to the test.

In the Commodity Title of the Farm Bill, the Dairy Price Support Program is our safety net. It benefits all dairy farmers in the country equally and does not discriminate based on size of operation, location in the country or where you sell your milk. The Price Support Program is also the only farmer safety net program that is implemented at no cost to the federal treasury. Still, it gets a huge "score" both here at home and at the WTO. The CCC gets its money back plus a little when it sells the dairy products purchased for surplus removals back to the market when prices rise. As we look at this issue here today, the CCC hasn't purchased surplus dairy products for months and has virtually no stocks currently in storage. Still, the program gets no credit for the fact that the government has recovered the costs it incurred in 2002 - 2003. Consumers benefit because price increases are mitigated by those sell-backs, producers of feed grains benefit because of stability for their dairy farmer customers and the federal treasury

recovers its cost of the purchases but farmers still get tagged with what is portrayed as a big expensive government support program. That is unfair and needs to be changed.

One last point I want to make about the Dairy Price Support Program is that, while dairy farmers have been supportive of the current U.S. proposals at the WTO, we are not convinced that the support program cannot fit should a new trade agreement be completed.

The dairy direct payment program got a lot of attention last year mostly because it has been more costly to the federal treasury than projected and because it is so divisive within our industry. Future programs must be non-discriminatory and their potential for stimulating additional production in periods of low prices must be given serious consideration when they are written.

I mentioned the stability that our Price Support Program offers producers of our inputs earlier. I believe changes to the commodity safety net programs must be considered as a whole rather than singling out any one for change. The portfolio of programs is a big factor in stability for my individual business, as well as for the suppliers I buy inputs from and for the community I live in. Those connections, I hope, will be a factor in discussions for the next Farm Bill.

An issue from the 2002 Farm Bill is still waiting to be implemented and is being held up by the flimsiest of excuses. Our own government is saying that imported dairy products cannot be assessed the promotion and research checkoff of 15-cents per hundredweight because we exempt 0.014% of domestic milk. Doesn't the WTO have better things to do than worry about 0.014%? The marketers of those imported products benefit from our farmer-funded promotion and research programs so it's time that our government says they have to pay their fair share.

Also on a dairy-specific issue, the Dairy Export Incentive Program (DEIP) too often goes unused. Even when prices were at generation-lows in 2002 and 2003, DEIP money was left on

the table. Even when milk prices in California were more than a dollar below the Support Price, DEIP bonuses that could have helped move product to export markets instead of into CCC stocks, went unused. And now, with the farmer-funded supply-balancing program Cooperatives Working Together that is coordinated by the National Milk Producers Federation, those DEIP bonuses could go even farther toward providing stability for all those touched by Farm Bill programs. I urge the Committee to keep the pressure on USDA to fully utilize this fully WTO-compliant tool for leveling the playing field that the Congress has provided.

The Conservation Title includes a very important component for western dairymen. The Environmental Quality Incentives (EQIP) program has worked very well in San Joaquin County, where I live. According to Dave Simpson at my local NRCS office they have already approved 147 contracts for cost-share assistance projects for 2006 which means EQIP will be directly responsible for over \$4.4 million in environmental improvement projects here locally. These numbers will grow once water quality funds are received.

I can report very good working relationships with our local NRCS staff, state conservationist Lincoln E. Burton and Chief Bruce Knight in Washington, D.C. We have been able to work out reallocation of funds from counties where EQIP is undersubscribed to counties where worthy projects would go wanting and ask the Committee to urge the Department to consider making unused funds from one state available to states where there is not enough funding available.

On the other side of the coin, it seems the Conservation Security Program suffers from a lack of the local control that has made EQIP so successful. I understand that the program is primarily aimed at row crop producers but I happen to be one of those too and there are thousands of other dairymen like me nationwide. But if you don't happen to be in a primary

watershed, as designated by Washington, D.C., you are not going to qualify for a program that seems to offer benefits to farmers for practices they are already doing.

On the same subject but perhaps taking a different approach, dairy farmers in California have been at the forefront of adopting technologies for waste management that produce energy. Just in the past few months it seems we've gone from the idea of energy production on farms getting a reaction somewhere along the lines of "isn't that nice" to "what is taking you so long?" Dairy farmers need options for managing nutrients. Agriculture can develop as a significant energy supplier but it will require incentives. We need good long-term thinking with government keeping an open mind on funding research. We also may need the occasional nudge from Congress to help convince energy distributors to buy energy produced on farms. I encourage the Committee to consider including an aggressive Energy Title in the next Farm Bill.

In animal health, the dairy industry has made good use of the assistance the government has provided to the National Johne's Disease Program that was authorized in the 2002 Farm Bill. We do, however, have to rely on the annual appropriations process for those funds and, as you can imagine, we've seen a dramatic decrease in funding over the past few years. I urge you to consider authorizing a reliably funded Johne's Program in the next Farm Bill.

Food and Nutrition Programs have been an important feature of past Farm Bills for producers and consumers alike. The WIC and Food Stamp Programs provide nutrition assistance and education for our most at-risk citizens. Farmers benefit from the food requirements those programs include. This is a part of the Farm Bill that does not run the risk of violating WTO rules and adding additional foods to these programs will improve nutrition for recipients. But you can't get there by "robbing from Peter to pay Paul." Dairy is a major part of these programs now and every new research study suggests they should stay. More funds will be needed for

recipients to have a chance to include the foods recommended by the government as part of a healthy diet.

I realize this is a hearing about the next Farm Bill but while we're all here and you're willing to listen, there has been a specific dairy issue the Agriculture Committee has kicked around for a few years that farmers are very strongly united in opposition to. Forward contracting between farmers and private handlers is not consistent with the goals of a system that includes regulated minimum prices. If you're in favor of pooling, this type of forward contracting cannot be allowed.

National Animal Identification should move forward with the USDA five-year plan to a mandatory system and with the Department's recent announcement that it is willing to work with multiple information databases as long as certain requirements are met.

Farmers in all sectors of agriculture, including dairy, rely on a steadily and readily available workforce. Access by farmers to properly documented workers in the future is a must for everyone in this country, not just farmers. This really isn't a matter of wanting cheap labor; it is a matter of having any labor. A guest worker program properly implemented enhances national security and keeps the economy moving forward. An enforcement only approach may force employers, including farmers, to become law enforcement officers and subject them to fines that make it simply not worth the risk of continuing to farm.

I would also encourage the Agriculture Committee to use its influence to try to find a workable solution to third-party use of provisions of Superfund environmental laws to harass farmers. California farmers have to comply with the federal Clean Air Act and Clean Water Act as well as the toughest state environmental laws anywhere in the country. We're willing, and indeed are, doing that. But I am reasonably sure the notion that a farm would ever be declared a

toxic waste site was not on the mind of anyone in the Congress when Superfund laws were passed years ago. Farmers need and deserve clarity on this issue.

On that same subject, there is a need for accurate and current data on exactly what emissions are coming from farms. The Congress has granted dairy farmers a one-time opportunity to use their promotion and research checkoff funds to conduct air emissions research. As part of the next Farm Bill debate, I urge the Committee to consider allowing farmers at the national or qualified state program level to consider future environmental and public health research using dairy checkoff funds.

Finally, I hope Congress will ensure that Farm Credit can continue to meet the needs of farmers and ranchers in California. Recently, Farm Credit completed an in-depth study of the changing nature of agriculture and rural America. Known as the HORIZONS Project, this study finds a number of areas where farmers and the business they rely on could benefit from Farm Credit financing but are precluded from doing so by outdated laws and regulations. I would ask that the committee give this issue serious consideration during the upcoming Farm Bill debate.

Mr. Chairman, thank you again for holding this series of Field Hearings and for allowing me the opportunity to provide input on behalf of California dairy farmers for the next Farm Bill. I will be happy to try to answer any questions you or other Members of the Committee may have.

Committee on Agriculture  
U.S. House of Representatives  
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Jack Hamm
2. Business Address: 13438 N Thornton Rd.  
Lodi, CA 95242
3. Business Phone Number: (209) 334-5422 or (209) 969-5225
4. Organization you represent: Western United Dairymen
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:  
General manager Lima Ranch  
Partner & general manager Lima-Hamm Farms.
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:  
B.S. Cal Poly, San Luis Obispo in  
Dairy Science 1977
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:  
Board of Director

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.



**Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form**

**House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.**

Name: Jack Hamm  
Address: 13438 N. Thornton Rd.  
Telephone: (209) 334-5422 Lodi, CA 95242  
Organization you represent (if any): Western United  
Dairymen

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: N/A Amount: 0  
Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: N/A Amount: 0  
Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Please check here if this form is NOT applicable to you: \_\_\_\_\_

Signature: Jack Hamm

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

**PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.**